

REMARKS**A. Status of the Application**

- Claims **1-22** are pending in the application, of which claims **1, 10, 19, 20, 21** and **22** are independent claims.
- Claims **1-3, 5** and **10-22** are amended. All amendments are supported by the application and claims as originally filed. No new matter has been added.

Accordingly, entry of the amendments is respectfully requested. Applicants have amended the claims to recite particular embodiments that Applicants, in their business judgment, have determined to be commercially desirable at this time. The claim amendments have not been submitted for any reasons relating to patentability.

Applicants intend to pursue the subject matter of the previously cancelled claims, in one or more continuing applications.

B. Information Disclosure Statement

The Examiner indicated that the following information disclosure statements (IDS) were previously filed incorrectly: IDS of June 4, 2004; IDS of July 11, 2000; and IDS of October 30, 2002. See Office Action of January 6, 2009, p. 2.

Applicants intend to re-file these IDS in a separate filing.

C. Claim Rejections Under 35 U.S.C. § 101

The Examiner rejected claims **1, 19, 20** and **22** under 35 U.S.C. §101 because the claimed invention is allegedly directed to non-statutory subject matter. See Office Action of January 6, 2009, p. 2.

Claims **1, 19, 20** and **22** are amended. Thus, the rejection is moot in light of these claim amendments. For at least this reason, claims **1, 19, 20** and **22** are allowable.

D. Claim Rejections Under 35 U.S.C. § 103

On page 5, the Office Action rejected claims **1-22** under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 5,845,266 (“Lupien”) in view of U.S. Patent No. 6,443,841 (“Rossides”). The rejections are moot in light of the claim amendments.

1. Legal Standard

The Federal Circuit has held that obviousness is a legal question based on underlying factual findings that must be supported by substantial evidence. In re Zurko, 258 F.3d at 1383-84 (“Obviousness is a legal question based on underlying factual determinations.... We review factual findings underlying [the legal determination of obviousness] for substantial evidence.”); see also MPEP § 2144.03 (“The standard of review applied to findings of fact is the ‘substantial evidence’ standard under the Administrative Procedure Act (APA)”). Notably, in KSR the Court did not overrule this precedent. Rather, the Court, quoting the Federal Circuit with approval, reiterated that mere conclusory statements are insufficient to support a conclusion of obviousness. KSR Int’l Co. v. Teleflex Inc., 127 S.Ct. 1727, 1740-42 (S.Ct. 2007) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.” (quoting In re Kahn, 441 F.3d 977, 988 (C.A.Fed. 2006))).

Similarly, the MPEP clearly articulates that obviousness is a question of law based on underlying factual findings. Specifically, MPEP § 2141 states in part:

Obviousness is a question of law based on underlying factual inquiries. ...

Office personnel fulfill the critical role of fact-finder when resolving the *Graham* inquiries. It must be remembered that while the ultimate determination of obviousness is a legal conclusion, the underlying *Graham* inquiries are factual. When making an obviousness rejection, Office personnel must therefore ensure that the written record includes findings of fact concerning the state of the art and the teachings of the

references applied. In certain circumstances, it may also be important to include explicit findings as to how a person of ordinary skill would have understood prior art teachings, or what a person of ordinary skill would have known or could have done. Factual findings made by Office personnel are the necessary underpinnings to establish obviousness.

MPEP § 2141(II) (emphasis added).

2. Certain Limitations are Not Disclosed in the Cited References

In order to establish a *prima facie* case of obviousness of a claimed invention, all of the limitations of a claim must be taught or suggested by the prior art. The Examiner's failure to address all of the limitations in independent claims **1, 10, 19, 20, 21** and **22** results in clear error.

Independent claims **1, 10, 19, 20, 21** and **22** recite, *inter alia*,

receiving... a first order to buy *a derivative financial instrument that selectively represents a movie or a movie talent in an entertainment industry*, said movie corresponding to a stock and said movie talent corresponding to a bond for trading over the Internet (emphasis added).

Both Lupien and Rossides fail to teach or suggest "*receiving... a first order to buy a derivative financial instrument that selectively represents a movie or a movie talent in an entertainment industry*." Nor has the Examiner argued otherwise.

The Examiner alleges that cited-portions of Lupien teach this limitation. See Office Action of January 6, 2009, pp. 3-4. Specifically, the Examiner alleges the following:

As per Claim 1, Lupien discloses a method for trading a plurality of derivative financial instruments over the Internet, comprising... receiving... a first order to buy a derivative financial instrument that selectively represents a movie or a movie talent in an entertainment industry, said movie corresponding to a stock and said movie talent corresponding to a bond for trading over the Internet... (column 5 lines 65-67 and column 6 lines 1-67 and column 7 lines 1-61).

Id. at p. 4.

But in actuality, nowhere in the cited portions of Lupien is there a teaching or suggestion of “*receiving... a first order to buy a derivative financial instrument that selectively represents a movie or a movie talent in an entertainment industry.*”

According to the Examiner, col. 5, line 65 through col. 7, line 61 of Lupien discloses “*receiving... a first order to buy a derivative financial instrument that selectively represents a movie or a movie talent in an entertainment industry.*” *Id.* However, a close examination of these cited-portions reveals otherwise.

Specifically, col. 5, line 65 to col., line 13, recite the following:

The present invention is described below in the context of trading equity securities. However, the invention is not so limited and can be easily adapted to allow the trading of other liquid assets such as futures, derivatives, options, bonds, currencies and the like. Accordingly, where the context permits, the terms "securities", "stock", and "shares" when used herein includes other instruments that can be traded, such as, for example, futures, derivatives, options, bonds and currencies. The terms "buy" and "sell" include, where appropriate, bid and offer, etc.

Intended users of the representative embodiment system of this invention are typically investors, such as institutional investors (e.g., a pension fund) but may also be individual investors, brokers or others who deal in or trade securities. As used herein, the term "user", "trader" or "investor" means that person or entity who wishes to make a trade.

Nowhere is there a teaching or a suggestion of “*receiving... a first order to buy a derivative financial instrument that selectively represents a movie or a movie talent in an entertainment industry.*” At best, the passage provides a broad disclosure for derivative trading, but this alone is insufficient to meet the *prima facie* requirement for obviousness under 35 U.S.C. § 103. There is no teaching or suggestion, whatsoever, of a derivative financial instrument that is representative of a movie or a movie talent.

Nor does the passages of col. 6, lines 14-39 of Lupien (which describes a block diagram of the trading system) and the passages of col. 6, line 40 to col. 7, line 61 of Lupien (which provides an example satisfaction density profile for a buy order) supply this deficiency.

2. There is No Substantial Evidence of Motivation to Modify Lupien

Assuming that there were some teaching or suggestion in the prior art of the claimed instruments (there is none), the Examiner fails to provide any motivation to modify the system described in Lupien to be used for trading instruments that represent movies or movie talent. The teaching or suggestion to make the claimed combination must be found in the prior art, not in Applicants' disclosure. *In re Vaeck*, 947 F.2d 488 (Fed. Cir. 1991). The Examiner has not even attempted to make the requisite showing of any motivation to make the claimed combination.

For at least these reasons, the rejection of independent claims **1, 10, 19, 20, 21** and **22** (and the claims depending therefrom) should be withdrawn. The Examiner as failed to establish a *prima facie* case of obviousness for any of these claims. Applicant submits that these claims are patentable for the reasons discussed above.

E. General Comments on Dependent Claims

Each dependent claim is patentable for at least the same reasons as the independent claim on which it depends. Thus, Applicants believe that it is unnecessary at this time to argue the allowability of each dependent claim individually. However, Applicants do not necessarily concur with the interpretation of the dependent claims as set forth in the Office Action, nor do Applicants concur that the basis for the rejection of any of the dependent claims is proper. Therefore, Applicants reserve the right to specifically address the patentability of the dependent claims in the future, if deemed necessary.

F. Authorization for Email Communication

Recognizing that Internet communications are not secure, Applicants hereby authorize the USPTO to communicate with any authorized representative concerning any subject matter of this application by electronic mail. Applicants understand that a copy of these communications will be made of record in the application file.

G. Conclusion

In general, the absence of a reply to a specific rejection, issue or comment does not signify agreement with or concession of that rejection, issue or comment. In addition, because the arguments made above may not be exhaustive, there may be reasons for patentability of any or all pending claims (or other claims) that have not been expressed. Finally, nothing in this paper should be construed as a concession of any issue with regard to any claim, except as specifically stated in this paper, and the amendment of any claim does not necessarily signify concession of unpatentability of the claim prior to its amendment.

In view of the foregoing amendments and remarks, Applicants respectfully submit that the application is in condition for allowance, and such action is respectfully requested at the Examiner's earliest convenience.

Applicants' undersigned attorney can be reached at the address shown below. All communications should be directed to the undersigned at her direct line (857) 413-2056 or e-mail address: rma@cantor.com.

Respectfully submitted,

Date: July 6, 2009

Customer No: 63710

_____/Ruth J. Ma/
Ruth J. Ma, Reg. No. 55,414
Attorney for Applicant
Tel. No. (857) 413-2056
Fax. No. (212) 308-7537